

Message Text

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PAGE 01 PARIS 26517 111827Z

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EXDIS

FOR HARTMAN, EUR, FROM ENDERS

E.O. 11652: GDS

TAGS: ENRG, BCOM, CA, US

SUBJ: CANADIAN AND IEA LONG-TERM PACKAGES

1. I HAVE HAD FURTHER DISCUSSIONS HERE WITH CANADIAN DELEGATE TO IEA ON CANADA'S PARTICULAR PROBLEMS WITH LONG-TERM COOPERATIVE PACKAGE WE ARE NOW DEVELOPING. CANADA CONTINUES TO SUPPORT MSP SYSTEM AND SHARES OUR VIEW AS TO ITS VALUE IN TERMS OF CONSUMER SOLIDARITY. HOWEVER, SINCE THEIR OIL EXPORT POTENTIAL IS UNDERTAIN AT BEST, THEY DO NOT ATTACH SAME HIGH PRIORITY TO IT AS DO UK AND NORWAY. IF IEA AGREEMENT IN MSP PROVED IMPOSSIBLE, CANADA WOULD BE PREPARED SIMPLY TO ACT UNILATERALLY TO PROVIDE PROTECTION FOR THEIR DOMESTIC PRODUCTION FROM IMPORTS.

2. BALANCED AGAINST THEIR PERCEPTION OF A MODERATE INTEREST IN MSP IS THEIR EXTREME SENSITIVITY ON THE ISSUES OF ACCESS AND NON-DISCRIMINATORY TREATMENT WHICH ARE BEING PUSHED BY SOME OF THE ENERGY-POOR IEA COUNTRIES AS QUID FOR THEIR AGREEMENT TO MSP. THUS, AT OCT 20 GOVERNING BOARD MEETING, CANADIAN DELEGATION TABLED AN INFORMAL PAPER WHICH TENTATIVELY SUGGESTED POSTPONING FINAL ACTION ON "THEORETICAL ASPECTS" OF LONG-TERM PROGRAM AND CONCENTRATING ON MORE CONCRETE COOPERATIVE EFFORTS. WE SUCESSFULLY

SECRET

SECRET

PAGE 02 PARIS 26517 111827Z

DEFLECTED THIS MOVE AND SECURED STRONG CONSENSUS THAT

WORK SHOULD GO FORWARD TO AGREE ON BASIC FRAMEWORK OF COMMITMENTS WITHIN WHICH CONCRETE ELEMENTS OF OUR COOPERATION CAN BE GIVEN LONG-RANGE ORIENTATION AND COHERENCE.

3. I THINK SECRETARY MUST TAKE ADVANTAGE OF HIS TALKS IN CANADA TO EMPHASIZE IN STRONG TERMS THAT WE ATTACH HIGHEST PRIORITY TO ADOPTION OF SERIOUS IEA PACKAGE BY DEC 1. DEADLINE AND THAT MSP IS ESSENTIAL ELEMENT OF THAT PROGRAM.

4. ON ISSUE OF ACCESS, OUR OWN LEGAL AND POLITICAL PROBLEMS ARE IN FACT SIMILAR TO CANADA'S. NEITHER WE NOR THEY CAN CONSIDER THE TYPE OF FIRM, GENERAL COMMITMENT TO NON-DISCRIMINATORY ACCESS FOR INVESTMENT AND OFF-TAKE OF ENERGY PRODUCT WHICH SOME OF IEA MEMBERS SEEK. HOWEVER, WE ARE CONFIDENT THAT THIS ISSUE CAN BE RESOLVED. WE ARE NOW WORKING ON APPROACH UNDER WHICH WE WOULD INDICATE WILLINGNESS TO CONSIDER SPECIAL ACCESS COMMITMENTS ON PROJECT-BY-PROJECT BASIS FOR MAJOR PROJECTS. THIS WOULD BE COMBINED WITH A GENERAL STATEMENT SETTING FORTH NON-DISCRIMINATORY TREATMENT AS DESIRABLE PRINCIPLE WHICH WE WOULD "TAKE INTO ACCOUNT" WHEN FORMULATING NATIONAL POLICIES. THIS IS SUBSTANTIALLY LESS THAN COUNTRIES SUCH AS DENMARK NOW DEMAND, BUT PROGRESS IN U.S. PRICE DECONTROL--THE DANES REAL TARGET--SHOULD ENABLE US TO RESOLVE THIS ISSUE, ALBEIT WITH MUCH HARD NEGOTIATING.

5. BUT CANADIANS MUST PARTICIPATE IN THIS NEGOTIATING PROCESS. WE CANNOT PERMIT--AS THEY HAVE TENTATIVELY SUGGESTED--THAT CANADA SIMPLY TAKE A GENERAL RESERVATION ON ACCESS ISSUE. THIS WOULD BE POLITICALLY UNACCEPTABLE TO US IN DOMESTIC TERMS.

6. I SUGGEST YOU LOOK AT SECRETARY'S BRIEFING BOOK TO ENSURE HE HAS THIS BACKGROUND. HIS TALKING POINTS SHOULD STRESS:

(A) OUR BELIEF THAT EFFECTIVE LONG-TERM PROGRAM,
SECRET

SECRET

PAGE 03 PARIS 26517 111827Z

INCLUDING MSP SYSTEM AND ACCESS PROVISIONS (ALONG LINES INDICATED ABOVE), IS ESSENTIAL TO CONTINUED VIABILITY OF CONSUMER COOPERATION ON ENERGY;
(B) BASIC DANGERS OF GOING INTO DIALOGUE--IN WHICH CANADA HOPES TO TAKE ACTIVE ROLE--WITHOUT HAVING ESTABLISHED VISIBLE AND CREDIBLE EVIDENCE THAT CONSUMERS CAN MOUNT COOPERATIVE RESPONSE TO ENERGY CRISIS;

(C) THAT WE RECOGNIZE DIFFICULTY OF ACCESS ISSUE FOR
CANADA; IT IS ALSO DIFFICULT FOR US, BUT WE BELIEVE
ACCEPTABLE FORMULATION CAN BE NEGOTIATED ALONG LINES
OF OUR TWO-TRACK APPROACH.
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